

Assuming the adoption of a rule limiting Pay-TV authorizations to markets within the Grade A contour of four commercial television stations, the Joint Committee believes that the Commission's proposal set forth in Appendix C, Section 73.643 should be modified to the extent of restricting the Pay-TV station to devoting not more than 60 per cent of its prime broadcast time to Pay-TV programming. The Joint Committee urges, however, that this restriction should be applied to any Pay-TV station and not be limited solely to markets with a maximum of four stations. The lack of information respecting the impact on free television does not warrant the risk of permitting any Pay-TV station to operate on unlimited time in any market.

Should the Commission fail to adopt a rule limiting Pay-TV authorizations to markets within the Grade A contour of four commercial television stations, the Commission must apply a more strict limitation on the hours of operation available for Pay-TV programming in the smaller markets. The utilization of prime time hours for Pay-TV will upset the competitive positions of the networks and will deprive the public of the benefits of noteworthy network programming.

In its proposed Section 73.643, the Commission has recognized the need to reserve broadcast day segments for free TV in relation to the number of stations in the market. Thus, it is more imperative that a Pay-TV station in a market within the Grade A contour of only one station reserve significantly more time for free TV than a Pay-TV station in a community within the Grade A contour of four or more stations. While the Joint Committee agrees in principle with the proposal, it believes that a greater percentage of prime time must be reserved for free television. Accordingly, it is submitted that in single station markets, not more than 25 percent of the station's prime time broadcasting time, computed on a weekly basis, with a maximum of three hours in any one prime time segment, be permitted for Pay-TV use; that in two and three station markets, not more than 40 percent of a station's prime